

**TERREBONNE PARISH SHERIFF
HOUMA, LOUISIANA**

Annual Financial Report

Year Ended June 30, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3-7-07

TERREBONNE PARISH SHERIFF
HOUMA, LOUISIANA
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2006

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INDEPENDENT AUDITOR'S REPORT

The Honorable Jerry J. Larpenter
Terrebonne Parish Sheriff
Houma, Louisiana

We have audited the accompanying financial statements of the governmental activities, major funds, and the aggregate remaining fund information of the Terrebonne Parish Sheriff (the Sheriff) as of and for the year ended June 30, 2006, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Terrebonne Parish Sheriff management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, major funds, and the aggregate remaining fund information of the Terrebonne Parish Sheriff, as June 30, 2006, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2007 on our consideration of the Terrebonne Parish Sheriff's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Sheriff's basic financial statements. The accompanying supplemental information schedules and other information as listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Terrebonne Parish Sheriff. Also, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

February 23, 2007

Lanau + Felger

MANGEMENT'S DISCUSSION AND ANALYSIS

TERREBONNE PARISH SHERIFF

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2006

Within this section of the Terrebonne Parish Sheriff (the Sheriff) annual financial report, the Sheriff's management provides this narrative discussion and analysis of the financial activities of the Sheriff for the fiscal year ended June 30, 2006. The Sheriff's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

The Sheriff's assets exceeded its liabilities by \$9,896,335 (net assets) for the fiscal year reported.

Net assets are comprised of the following:

1. Capital assets, net of related debt, of \$2,305,712 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt.
2. Cash accumulated in the debt service fund in the amount of \$240,808 to pay principal and interest on long-term obligations.
3. Unrestricted net assets of \$7,349,816 represent the portion available to maintain the Sheriff's continuing obligations to citizens and creditors.

The Sheriff's governmental funds reported total ending fund balance of \$7,926,149 this year. This compares to prior year ending fund balance of \$5,342,683, showing an increase of \$2,583,466. General fund balance of \$7,684,273 shows a \$2,682,172 increase from the prior year.

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$7,682,527. Overall, the Sheriff's office continues to maintain a good financial position. The financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the Sheriff's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Sheriff also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Sheriff's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Sheriff's overall financial status.

TERREBONNE PARISH SHERIFF

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2006

Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of the government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the Sheriff's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Sheriff as a whole is improving or deteriorating. Evaluation of the overall health of the Sheriff's finances would extend to other non-financial factors such as diversification of the taxpayer base, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Sheriff's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Sheriff's distinct activities or functions on revenues provided by the Sheriff's taxpayers.

The government-wide financial statements present governmental activities of the Sheriff that are principally supported by ad valorem and sales taxes. The sole purpose of these governmental activities is public safety. The government-wide financial statements are presented on pages 11 and 12 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Sheriff uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Sheriff's most significant funds rather than the Sheriff as a whole.

The Sheriff has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Sheriff's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight in to the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement

TERREBONNE PARISH SHERIFF

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2006

provide a reconciliation to assist in understanding the differences between these two perspectives. The basic governmental fund financial statements are presented on pages 13 to 15 of this report.

Fiduciary funds are reported in the fund financial statements and report taxes collected for other taxing bodies, deposits held pending a court action and the individual prison inmate accounts. The Sheriff only reports agency funds. The basic agency fund financial statement is presented on page 17 of this report.

Notes to the basic financial statements

The accompanying notes to the financial statement provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 18 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Sheriff's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund. These statements and schedules demonstrate compliance with the Sheriff's adopted and final revised budget. Required supplementary information can be found on pages 35 and 36 of this report.

In addition, other supplemental information providing details on the individual agency funds is presented on pages 37 to 39 of this report.

FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE

The Sheriff implemented the new financial reporting model used in this report beginning with the year ended June 30, 2003. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Sheriff as a whole.

The Sheriff's net assets at fiscal year-end are \$9,896,335. The following table provides a comparative summary of the Sheriff's net assets:

TERREBONNE PARISH SHERIFF

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2006

Summary of Net Assets

	Governmental Activities <u>6/30/2005</u>	% <u>Total</u>	Governmental Activities <u>6/30/2006</u>	% <u>Total</u>
Assets:				
Current assets and other assets	\$ 5,506,401	63%	\$ 8,331,612	72%
Capital assets	<u>3,183,846</u>	<u>37%</u>	<u>3,305,712</u>	<u>28%</u>
Total assets	<u>8,690,247</u>	<u>100%</u>	<u>11,637,324</u>	<u>100%</u>
Liabilities:				
Current liabilities	749,118	42%	887,383	51%
Long-term liabilities	<u>1,054,891</u>	<u>58%</u>	<u>853,606</u>	<u>49%</u>
Total liabilities	<u>1,804,009</u>	<u>100%</u>	<u>1,740,989</u>	<u>100%</u>
Net Assets:				
Investment in capital assests, net of debt	1,898,846	28%	2,305,712	23%
Restricted for debt service	342,555	5%	240,807	2%
Unrestricted	<u>4,644,837</u>	<u>67%</u>	<u>7,349,816</u>	<u>74%</u>
Total net assets	<u>\$ 6,886,238</u>	<u>100%</u>	<u>\$ 9,896,335</u>	<u>100%</u>

The Sheriff continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 9.39 to 1 as compared to 7.35 to 1 for the prior year.

The Sheriff reported positive balances in net assets for the governmental activities. Net assets for the sheriff increased by \$3,010,097 in fiscal 2006 and increased by \$186,110 in fiscal 2005 for governmental activities.

Note that 23% of the governmental activities' net assets are invested in capital assets. The Sheriff uses these capital assets to provide services to its citizens.

TERREBONNE PARISH SHERIFF

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2006

The following table provides a summary of the Sheriff's changes in net assets:

Summary of Changes in Net Assets

	Governmental Activities 06/30/05	Percent of Total 06/30/05	Governmental Activities 06/30/06	Percent of Total 06/30/06
Revenues:				
Program:				
Charges for services	\$4,269,466	22.58%	\$ 4,113,797	18.35%
Operating Grants	543,980	2.88%	1,593,053	7.10%
General:				
Ad Valorem taxes	3,470,150	18.35%	3,739,607	16.68%
Sales taxes	8,732,161	46.18%	11,077,150	49.40%
Unrestricted state grants	1,800,073	9.52%	1,594,560	7.11%
Interest earnings	67,759	0.36%	142,917	0.64%
Miscellaneous	24,269	0.13%	161,665	0.72%
Gain on disposal of assets	2,398	0.01%	1,430	0.01%
Total revenues	<u>18,910,256</u>	<u>100.00%</u>	<u>22,424,179</u>	<u>100.00%</u>
Program expenses:				
Public safety	18,654,227	99.63%	19,358,601	99.71%
Interest	69,919	0.37%	55,481	0.29%
Total expenses	<u>18,724,146</u>	<u>100.00%</u>	<u>19,414,082</u>	<u>100.00%</u>
Change in net assets	186,110		3,010,097	
Beginning net assets	<u>6,700,128</u>		<u>6,886,238</u>	
Ending net assets	<u>\$6,886,238</u>		<u>\$ 9,896,335</u>	

Governmental Revenues

The Sheriff is heavily reliant on ad valorem and sales taxes to support its operation. These taxes provided 66% and 65% of the sheriff's total revenues in fiscal years 2006 and 2005, respectively. Program revenues, intergovernmental agreements, sheriff's office fees and commissions, other sheriff's office revenues, and interest on deposits funded 34% and 35% of governmental operating expenses in fiscal years 2006 and 2005, respectively.

TERREBONNE PARISH SHERIFF

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2006

Governmental Functional Expenses

The total function of the Sheriff's office is public safety activities. The only nonfunctional cost was interest expense in the amount of \$55,481 and \$69,919 related to long-term debt in fiscal years 2006 and 2005, respectively. Of the total public safety costs, depreciation of the capital assets was \$637,463 or 3.3% and \$631,333 or 3.4% of total costs in fiscal years 2006 and 2005, respectively.

FINANCIAL ANALYSIS OF THE SHERIFF'S FUNDS

Governmental funds:

As discussed, governmental funds are reported in the fund statements with short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$7,926,149 and \$5,342,683 for fiscal years 2006 and 2005, respectively. Of this year-end total, \$7,682,527 and \$4,996,431 is unreserved indicating availability for continuing the sheriff's activities for fiscal years 2006 and 2005, respectively. Legally restricted fund balances (Reserved fund balances) include \$243,622 and \$346,252 for inventory items, capital outlay and debt service in fiscal years 2006 and 2005, respectively.

For the year ended June 30, 2006, the total ending fund balances of governmental funds show an increase of \$2,583,466 and resulted mainly from revenues in excess of expenditures. For the year ended June 30, 2005, the total ending fund balances of governmental funds show an increase of \$196,512 and resulted mainly from revenues in excess of expenditures.

Major Governmental Funds

The General Fund is the Sheriff's primary operating fund and the largest source of day-to-day service delivery. The General Fund's balance increased by \$2,685,172 from the prior year. In fiscal 2005, the General Fund increased approximately \$175,805. Current year revenues increased by \$3,511,779, and expenditures increased by \$1,132,634. The fund balance reflects an adequate reserve for unexpected occurrences.

The debt service and capital project funds were also considered as major governmental funds.

Budgetary Highlights

General Fund

The General Fund's original and final revenue budgets were less than the actual amounts reported in fiscal 2006. The majority of the differences are discussed below:

TERREBONNE PARISH SHERIFF

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2006

- ***A 28% increase in federal funding due to hurricane damage***
- ***A 21% increase in civil and criminal fee revenue***
- ***Capital expenditures were 78% higher than budgeted due to hurricane related moneys received to purchase capital assets***

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Sheriff's investment in capital assets, net of accumulated depreciation as of June 30, 2006, was \$3,305,712. See footnote number 6 for additional information about changes in capital assets during the fiscal year and balances at year end. The following table reflects a summary of capital asset activity:

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2006</u>
Depreciable assets:		
Furniture and fixtures	\$ 1,976,275	\$ 1,954,499
Boats and vehicles	3,511,701	3,533,447
Weapons and equipment	643,443	803,803
Buildings and land	<u>1,858,995</u>	<u>1,858,995</u>
 Total depreciated assets	 7,990,414	 8,150,744
 Less accumulated depreciation	 <u>4,806,568</u>	 <u>4,845,032</u>
 Book Value - depreciable assets	 <u><u>\$ 3,183,846</u></u>	 <u><u>\$ 3,305,712</u></u>
 Percentage depreciated	 <u><u>60%</u></u>	 <u><u>59%</u></u>

Major additions to capital assets were as follows:

	<u>2005</u>	<u>2006</u>
Furniture and fixtures	\$ 83,867	\$ 157,572
Boats and vehicles	\$ 249,722	\$ 470,767
Weapons and equipment	\$ 20,792	\$ 165,754

TERREBONNE PARISH SHERIFF

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006**

Long-term debt:

At the end of the fiscal year, the Sheriff had long-term debt as follows:

	2005	2006
Judgments payable	\$ 74,940	\$ 54,891
Certificates of indebtedness	1,285,000	1,000,000
	<u>\$ 1,359,940</u>	<u>\$ 1,054,891</u>

The Sheriff reduced long-term obligations by \$305,049 and \$283,884 during the fiscal years ended June 30, 2006 and 2005, respectively.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Approximately 66% of the Sheriff's revenues are derived from ad valorem and sales taxes. Revenues and expenses in total are expected to remain stable with a reduction in capital outlay expenditures. Group health costs and pension costs are expected to continue to increase. The Sheriff is exploring alternatives to contain health insurance costs. Overall, fiscal year 2007 budget is expected to approximate fiscal year's 2006 budget.

CONTACTING THE SHERIFF'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Sheriff's finance, comply with finance-related laws and regulations, and demonstrate the Sheriff's commitment to public accountability. If you have questions about this report or would like to request additional information, contact Jerry Larpenier, Sheriff, Terrebonne Sheriff and Tax Collector, P.O. Box 1670, Houma, LA, 70361.

BASIC FINANCIAL STATEMENTS

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Statement of Net Assets

June 30, 2006

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and interest-bearing deposits	\$ 5,123,506
Due from other governmental units	3,204,986
Other receivables	1,374
Inventory	1,746
Capital assets, net	<u>3,305,712</u>
 Total assets	 11,637,324
 <u>LIABILITIES</u>	
Accounts payable and other accrued payables	385,463
Accrued employee benefits—estimated liability for outstanding medical claims and compensated absences	300,635
Long-term liabilities:	
Due within one year	201,285
Due after one year	<u>853,606</u>
 Total liabilities	 1,740,989
 <u>NET ASSETS</u>	
Invested in capital assets, net of related debt	2,305,712
Restricted for debt service	240,808
Unrestricted	<u>7,349,815</u>
 Total net assets	 <u>\$ 9,896,335</u>

The accompanying notes are an integral part of this statement.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Statement of Activities

For the Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government - public safety	\$ 19,358,601	\$ 4,113,797	\$ 1,593,053	\$ (13,651,751)
Interest on long-term debt	55,481	-	-	(55,481)
Total governmental activities	\$ 19,414,082	\$ 4,113,797	\$ 1,593,053	\$ (13,707,232)

General Revenues:

Ad valorem taxes	3,739,607
Sales taxes	11,077,150
Unrestricted state grants	1,594,560
Interest and investment earnings	142,917
Miscellaneous	161,665
Gain on disposal of capital assets	1,430
Total general revenues	16,717,329
Change in net assets	3,010,097
Net assets at beginning of year	6,886,238
Net assets at end of year	\$ 9,896,335

The accompanying notes are an integral part of this statement.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Balance Sheet - Governmental Funds

June 30, 2006

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<u>ASSETS</u>				
Cash and interest-bearing deposits	\$ 4,881,630	\$ 240,808	\$ 1,068	\$ 5,123,506
Receivables:				
Due from other governmental units	3,204,986	-	-	3,204,986
Other receivables	1,374	-	-	1,374
Inventory	1,746	-	-	1,746
	<u>1,746</u>	<u>-</u>	<u>-</u>	<u>1,746</u>
Total assets	<u>\$ 8,089,736</u>	<u>\$ 240,808</u>	<u>\$ 1,068</u>	<u>\$ 8,331,612</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 385,463	\$ -	\$ -	\$ 385,463
Accrued employee benefits	20,000	-	-	20,000
	<u>405,463</u>	<u>-</u>	<u>-</u>	<u>405,463</u>
Total liabilities	405,463	-	-	405,463
Fund balances:				
Reserved for inventory	1,746	-	-	1,746
Reserved for capital outlay	-	-	1,068	1,068
Reserved for debt service	-	240,808	-	240,808
Unreserved, undesignated	7,682,527	-	-	7,682,527
Total fund balances	<u>7,684,273</u>	<u>240,808</u>	<u>1,068</u>	<u>7,926,149</u>
Total liabilities and fund balance	<u>\$ 8,089,736</u>	<u>\$ 240,808</u>	<u>\$ 1,068</u>	<u>\$ 8,331,612</u>

The accompanying notes are an integral part of this statement.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

**Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets**

For the Year Ended June 30, 2006

Total fund balances - governmental funds		\$	7,926,149
Amounts reported for governmental activities in the statement of net assets are different because:			
Cost of capital assets at June 30, 2006	\$	8,150,744	
Less: accumulated depreciation as of June 30, 2006:			
Furniture and fixtures		(1,447,347)	
Boats and vehicles		(2,562,554)	
Weapons and equipment		(616,386)	
Buildings and land		(218,745)	
		<u>(4,845,032)</u>	3,305,712
Long-term liabilities at June 30, 2006:			
Certificates of indebtedness		(1,000,000)	
Judgments payable		(54,891)	
Compensated absences payable		(280,635)	
		<u>(1,335,526)</u>	
Total net assets - governmental activities		\$	<u>9,896,335</u>

The accompanying notes are an integral part of this statement.

TERREBONNE PARISH SHERIFF
Houma, Louisiana
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balance
For the Year Ended June 30, 2006

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ 3,739,607	\$ -	\$ -	\$ 3,739,607
Sales taxes	11,077,150	-	-	11,077,150
Intergovernmental revenues:				
Federal grants	1,327,691	-	-	1,327,691
State D.A.R.E. grant	70,800	-	-	70,800
State revenue sharing, net	213,215	-	-	213,215
State supplemental pay	698,402	-	-	698,402
State gaming revenue	682,943	-	-	682,943
State training grants	10,894	-	-	10,894
Local government	183,668	-	-	183,668
Fees, charges, and commissions for services:				
Commissions and contract service	498,585	-	-	498,585
Civil and criminal fees	795,598	-	-	795,598
Court attendance	32,640	-	-	32,640
Court awards	106,581	-	-	106,581
Transporting prisoners	30,433	-	-	30,433
Feeding and keeping prisoners	2,083,493	-	-	2,083,493
Commissary sales	181,759	-	-	181,759
Other	384,708	-	-	384,708
Miscellaneous:				
Interest	132,142	10,734	41	142,917
Other	161,665	-	-	161,665
Total revenues	<u>22,411,974</u>	<u>10,734</u>	<u>41</u>	<u>22,422,749</u>
Expenditures:				
Current:				
Public safety:				
Personal services and related benefits	11,484,459	-	-	11,484,459
Operating services	3,400,311	-	-	3,400,311
Operation and maintenance	3,832,143	-	-	3,832,143
Debt service:				
Principal	20,049	285,000	-	305,049
Interest	3,951	55,481	-	59,432
Capital outlay	794,093	-	-	794,093
Total expenditures	<u>19,535,006</u>	<u>340,481</u>	<u>-</u>	<u>19,875,487</u>
Excess (deficiency) of revenues over expenditures	2,876,968	(329,747)	41	2,547,262
Other financing sources (uses):				
Proceeds from sale of capital assets	36,204	-	-	36,204
Transfers from other funds	-	228,000	-	228,000
Transfers to other funds	(228,000)	-	-	(228,000)
Total other financing sources (uses)	<u>(191,796)</u>	<u>228,000</u>	<u>-</u>	<u>36,204</u>
Excess of revenues and other sources over (under) expenditures and other uses	2,685,172	(101,747)	41	2,583,466
Fund balance at beginning of year	<u>4,999,101</u>	<u>342,555</u>	<u>1,027</u>	<u>5,342,683</u>
Fund balance at end of year	<u>\$ 7,684,273</u>	<u>\$ 240,808</u>	<u>\$ 1,068</u>	<u>\$ 7,926,149</u>

The accompanying notes are an integral part of this statement.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities**

For the Year Ended June 30, 2006

Total net changes in fund balance - governmental funds		\$ 2,583,466
Capital assets:		
Capital outlay	\$ 794,093	
Basis of capital assets removed from service	(34,763)	
Depreciation expense for the year ended June 30, 2006	<u>(637,463)</u>	121,867
Long-term debt:		
Principal portion of debt service payments	285,000	
Principal portion of judgments payable	20,049	
Excess of compensated absences earned over amounts used	<u>(285)</u>	<u>304,764</u>
Change in net assets - governmental activities		<u>\$ 3,010,097</u>

The accompanying notes are an integral part of this statement.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2006

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and interest-bearing deposits	<u>\$ 1,343,103</u>
Total assets	<u>\$ 1,343,103</u>
<u>LIABILITIES</u>	
Due to taxing bodies, prisoners and others	<u>\$ 1,343,103</u>
Total liabilities	<u>\$ 1,343,103</u>

The accompanying notes are an integral part of this statement.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements

INTRODUCTION

The sheriff serves a four-year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish as provided by Article V, Section 27 of the Louisiana Constitution of 1974. The sheriff administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, and serving subpoenas.

As the chief law enforcement officer of the parish, the sheriff has the responsibility for enforcing state and local laws and ordinances within the territorial boundaries of the parish. The sheriff provides protection to the residents of the parish through on-site patrols and investigations and serves the residents of the parish through the establishment of neighborhood watch programs, anti-drug abuse programs, et cetera. In addition, when requested, the sheriff provides assistance to other law enforcement agencies within the parish.

As the ex-officio tax collector of the parish, the sheriff is responsible for collecting and distributing ad valorem property taxes, parish occupational licenses, state revenue sharing funds, sporting licenses, fines, costs, and bond forfeitures imposed by the district court.

1) Summary of Significant Policies

a) Basis of Presentation

The accompanying basic financial statements of the Terrebonne Parish Sheriff have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*, issued June 1999.

b) Reporting Entity

For financial reporting purposes, the sheriff includes all funds and activities that are controlled by the sheriff as an independently elected parish official. As an independently elected parish official, the sheriff is solely responsible for the operations of his office, which include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. Other than certain operating expenditures of the sheriff's office that are paid or provided by the parish consolidated government as required by Louisiana law, the sheriff is financially independent. Accordingly, the sheriff is a separate

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

governmental reporting entity. Certain units of local government, over which the sheriff exercises no oversight responsibility, such as the parish consolidated government, parish school board, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the parish sheriff.

c) Fund Accounting

The sheriff uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Funds of the sheriff are classified into two categories: governmental and fiduciary. Each category, in turn is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

Governmental funds account for all or most of the sheriff's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources, which may be used to finance future period programs or operations of the sheriff. The following are the sheriff's governmental funds:

General Fund--The General Fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the sheriff's office and accounts for all financial resources, except for those required to be accounted for in other funds. The sheriff's primary sources of revenue are an ad valorem tax and sales tax levied by the law enforcement district. Other sources of revenue include state revenue sharing, state supplemental pay for deputies, civil and criminal fees, and fees for court attendance and maintenance of prisoners. General operating expenditures are paid from this fund.

Debt Service Fund-- The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

Capital Projects Fund-- The capital projects fund is used to account for financial resources to be used for the acquisition or construction of capital assets not reported in other governmental funds.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The only funds accounted for in this category by the sheriff are agency funds. The agency funds account for assets held by the sheriff as an agent for various taxing bodies (tax collections) and for deposits held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are used as depositories for civil suits, cash bonds, taxes, fees, et cetera. Disbursements from these funds are made to various parish agencies, litigants in suits, et cetera, in the manner prescribed by law. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

d) **Measurement Focus/Basis of Accounting**

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the sheriff as a whole. These statements include all the financial activities of the sheriff. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

Program Revenues – Program revenues included in the Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the sheriff's general revenues.

Fund Financial Statements (FFS)

The amounts reflected in the General Fund and other funds of the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in

TERREBONNE PARISH SHERIFF
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Notes to Financial Statements, Continued

fund balance reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the sheriff's operations (See the reconciliation statements).

The amounts reflected in the General Fund in the FSS use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The sheriff considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Federal and state entitlements (which include state supplemental pay for deputies and state revenue sharing) are recorded as unrestricted grants-in-aid when available and measurable. Federal and state grants are recorded when the expenditures have been incurred.

Local intergovernmental reimbursements are recognized monthly when available and measurable.

Ad valorem taxes are recorded in the year taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January, and February of the fiscal year.

Sales taxes are recognized in the period when the underlying transaction has occurred and the resources are available.

Interest earnings on time deposits are recorded or when earned. Interest on checking accounts and money market accounts is recorded monthly when the interest is received.

Substantially all other revenues are recorded when received.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

Expenditures

Salaries are recorded as expenditures when earned.

Purchases of various operating supplies are recorded as expenditures at the time purchased.

Compensated absences are recognized as benefits are earned.

Substantially all other expenditures are recognized when the related fund liability has been incurred.

Other Financing Sources (Uses)

Transfers between funds, which are not expected to be repaid and proceeds from the sale of certificates of indebtedness are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Deferred Revenues

Deferred revenues arise when resources are received by the sheriff before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when the sheriff has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

e) Budgets

The proposed budget for the general fund, which is prepared on the modified accrual basis of accounting, for the fiscal year June 30, 2006 was made available for public inspection on June 9, 2005. A notice concerning the public hearing was published in the official journal on June 9, 2005. The public hearing was held at the Terrebonne Parish Sheriff's office on June 21, 2005 for comments from taxpayers at which time it was legally adopted. The budget is legally adopted and amended, as necessary, by the sheriff.

All expenditure appropriations lapse at year-end. Unexpended appropriations and any excess of revenues over expenditures are carried forward to the subsequent year as beginning fund balance.

Neither encumbrance accounting nor formal integration of the budget into the accounting records is employed as a management control device. However, periodic comparisons of budget and actual amounts are made. Budget amounts

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

f) Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

g) Cash and Cash Equivalents

Cash and interest-bearing deposits include amounts in demand deposits, interest-bearing demand deposits, and time deposits. They are stated at cost, which approximates market. Under state law, the sheriff may deposit with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. Tax collections must be deposited in a bank domiciled in the parish where the funds are collected.

h) Investments

Under state law, the Sheriff may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Sheriff may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana Law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. At June 30, 2006, the Sheriff had no investments in LAMP.

i) Inventories

Inventory of the sheriff's General Fund consists of food purchased by the sheriff and commodities granted by the Louisiana Department of Agriculture and Forestry. The commodities are recorded as revenues when received; however, all inventory items are recorded as expenses when consumed. All purchased inventory items are valued at the lower of cost (first-in, first-out) or market, and commodities are assigned values based on information provided by the United States Department of Agriculture and Forestry.

TERREBONNE PARISH SHERIFF

Houma, Louisiana

Notes to Financial Statements, Continued

j) Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Automobiles awarded to the Terrebonne Parish Sheriff's office by court award are recorded as capital assets at their estimated fair market value at the date of award.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Law enforcement weapons & equipment	3-5 years
Vehicles	2-5 years
Office furniture & equipment	5-7 years
Boats	10 years
Buildings	30 years

k) Compensated absences

All employees of the sheriff's office, with over one year of service, earn five days of sick leave. Sick leave cannot be accumulated and must be used in the year earned. Payment is not made for unused leave upon retirement or termination of employment.

Office employees with one to fourteen years of service, earn ten days of vacation leave each year; all other employees with one to fourteen years of service, earn fourteen days of vacation leave each year. All employees that have fifteen or more years of service earn twenty-one days each year. Vacation time must be taken on an annual basis and will not be available for carryover.

The sheriff's recognition and measurement criteria for compensated absences follows GASB Statement No. 16 which provides that vacation and sick leave with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' right to receive compensation is attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

l) Restricted net assets

For government-wide statement on net assets, net assets are reported as restricted when constraints placed on net assets are either:

1. Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
2. Imposed by law through constitutional provisions on enabling legislation.

m) Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

n) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2) Levied Taxes

Ad valorem taxes are budgeted and recorded in the year levied and billed. For the year ended June 30, 2006 law enforcement taxes applicable to the Sheriff's General Fund, were levied at the rate of 7.58 mills on property with assessed valuations totaling \$488,989,040.

Total law enforcement taxes levied during 2006 were \$3,706,538.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

3) Cash and Interest-Bearing Deposits

Under state law, the Sheriff may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Sheriff may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2006, the Sheriff has cash and interest-bearing deposits as follows:

	Government-wide Statement of Net Assets	Statement of Fiduciary Net Assets	Total
Demand deposits and cash on hand	\$ 1,468,040	\$ -	\$ 1,468,040
Interest-bearing deposits	3,655,466	1,343,103	4,998,569
Total cash and cash equivalents	\$ 5,123,506	\$ 1,343,103	\$ 6,466,609

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Sheriff's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Sheriff or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties.

Deposit balances (collected bank balances) at June 30, 2006, are secured as follows:

Bank balances	\$ 7,170,014
Federal deposit insurance	600,000
Pledged securities (Category 3)	11,081,394
Total secured deposits	11,681,394
 Excess of secured deposits over bank balances	 \$ 4,511,380

As of June 30, 2006, the Sheriff's total bank balances were fully insured and collateralized with securities held in the name of the sheriff by the pledging financial institution's agent and, therefore, not exposed to custodial credit risk.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

4) Receivables

Amounts receivable at June 30, 2006, consist of the following:

	General Fund
Sales taxes	\$ 1,980,257
Maintenance of prisoners	400,906
Grants receivable	529,587
Ad valorem taxes	12,722
Commissions	57,079
Court attendance, civil and criminal fees	83,878
Supplemental pay	58,703
Interest	64,992
Other	16,812
	<u>\$ 3,204,936</u>

5) Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2006 are as follows:

	Furniture & Fixtures	Boats & Vehicles	Weapons & Equipment	Buildings & Land	Total
Cost of capital assets, June 30, 2005	\$ 1,976,275	\$ 3,511,701	\$ 643,443	\$ 1,858,995	\$ 7,990,414
Additions	157,572	470,767	165,754	-	794,093
Deletions	(179,348)	(449,021)	(5,394)	-	(633,763)
Cost of capital assets, June 30, 2006	<u>1,954,499</u>	<u>3,533,447</u>	<u>803,803</u>	<u>1,858,995</u>	<u>8,150,744</u>
Accumulated depreciation, June 30, 2005	1,423,071	2,628,886	591,716	162,895	4,806,568
Additions	200,832	350,717	30,064	55,850	637,463
Deletions	(176,556)	(417,049)	(5,394)	-	(598,999)
Accumulated depreciation, June 30, 2006	<u>1,447,347</u>	<u>2,562,554</u>	<u>616,386</u>	<u>218,745</u>	<u>4,845,032</u>
Capital assets net of accumulated depreciation, at June 30, 2006	<u>\$ 507,152</u>	<u>\$ 970,893</u>	<u>\$ 187,417</u>	<u>\$ 1,640,250</u>	<u>\$ 3,305,712</u>

TERREBONNE PARISH SHERIFF
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Notes to Financial Statements, Continued

Depreciation expense of \$637,463 for the year ended June 30, 2006 was charged to the general fund governmental function.

6) Accounts Payable and Other Accrued Payables

At June 30, 2006, accounts payable and other accrued payables are as follows:

	<u>General Fund</u>
Personnel services	\$ 5,185
Operating services	124,699
Operation and maintenance	184,150
Accrued payroll liabilities	71,429
	<u>\$ 385,463</u>

7) Pension Plan

Plan Description. Substantially all employees of the Sheriff's office are members of the Sheriff's Pension and Relief Fund ("System"), a cost sharing, multiple-employer public employee retirement system (PERS), controlled and administered by a separate board of trustees.

All sheriffs, all deputies, and non-deputized employees who are found to be physically fit and 18 years of age or older, who earn at least \$400 per month, if employed after September 7, 1979 and before January 1, 1991, \$550 per month, if employed between January 1, 1991 and December 31, 1999, or \$800 per month if employed after January 1, 2000 are required to participate in the System. Benefits are computed at 3 1/3% for each year of creditable service, including purchased military or prior service. Members are eligible to retire at or after age 55 with at least 12 years of credited service. Members with 20 or more years of service are eligible for an actuarially reduced benefit at age 50. In any case, the retirement benefit cannot exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Sheriffs Pension and Relief Fund, 1225 Nicholson Drive, Baton Rouge, Louisiana 70802, or by calling (225) 219-0521.

Funding Policy. Plan members are required by state statute to contribute 10.00% of their annual covered salary and the sheriff is required to contribute at an actuarially determined rate. The current rate is 10.75% of annual covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the sheriff are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The sheriff's contributions to the System for the years ending June 30, 2006, 2005, and 2004, were \$970,203, \$946,360, and \$842,163, respectively, equal to the required contributions for each year.

8) Deferred Compensation Plan

Employees of sheriff have the option to participate in a deferred compensation program as defined by the Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). The sheriff's has the responsibility for withholding contributions from participants to the plan. The administrators have the responsibility for maintaining a deferred account with respect to each participant, investing the participant's account in accordance with the participant's investment specification and reporting quarterly to the participant on the status of the plan. Current plan reports are provided to participating employees by the administrators.

The sheriff makes a matching contribution to plan participants with one or more years of service. The match is calculated as a percentage of the participant's annual salary including supplemental pay less Section 125 and retirement deductions. The percentage is based upon each employee's total years of service. For the year ended June 30, 2006, the Sheriff made matching contributions under this plan in the amount of \$97,773.

9) Compensated Absences

At June 30, 2006, employees of the sheriff have accumulated and vested \$280,635 of employee leave benefits, which was computed in accordance with GASB Codification C60. This entire amount is recorded as a liability in the statement of net assets.

10) Leases

During the year ended June 30, 2006, rent expense under all operating leases totaled \$18,127. As of June 30, 2006 there were no commitments under non-cancelable operating leases.

11) Changes in Agency Fund Balances

See supplemental information Schedule of Changes in Balance Due to Taxing Bodies and Others.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

12) Long-Term Obligations

On October 31, 2000, the Sheriff issued Certificates of Indebtedness in the amount of \$800,000 for the purpose of acquiring equipment and making capital improvements. The Certificates matured on December 1, 2005.

On September 27, 2001, the Sheriff issued Certificates of Indebtedness in the amount of \$1,000,000 for the purpose of constructing a motor pool and narcotics building. The certificates will mature over a nine year period ending December 1, 2010 and bear interest at 4.8%, payable semi-annually. The Certificates are secured by the general revenues of the Sheriff.

On May 11, 1999, the district court rendered a judgment against the sheriff of approximately \$137,000 including interest payable at 6% as the result of a lawsuit. During November 2001, the sheriff exhausted all appeals and the judgment became final. The amount of the judgment exceeded the available insurance coverage. In November 2001, the Sheriff agreed to pay \$2,000 per month until the judgment and all accrued interest are paid in full. Final payment is scheduled for December 1, 2008.

The following is a summary of long-term obligation transactions for the year ended June 30, 2006:

	<u>Bond Debt</u>	<u>Judgments Payable</u>	<u>Total</u>
Long-term obligations at July 1, 2005	\$ 1,285,000	\$ 74,940	\$ 1,359,940
Additions	-	-	-
Deductions	(285,000)	(20,049)	(305,049)
Long-term obligations at June 30, 2006	<u>\$ 1,000,000</u>	<u>\$ 54,891</u>	<u>\$ 1,054,891</u>

The following is a summary of the current portion (due in one year or less) and the long-term portions of long-term debt obligations as follows:

	<u>Bond Debt</u>	<u>Judgments Payable</u>	<u>Total</u>
Current portion	\$ 180,000	\$ 21,286	\$ 201,286
Long-term portion	820,000	33,605	853,605
Long-term obligations at June 30, 2005	<u>\$ 1,000,000</u>	<u>\$ 54,891</u>	<u>\$ 1,054,891</u>

All principal and interest requirements are funded in accordance with Louisiana law by the general revenues of the sheriff. At June 30, 2006, the sheriff has accumulated \$240,808 in

TERREBONNE PARISH SHERIFF
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Notes to Financial Statements, Continued

the debt service fund for future debt requirements. The amounts due on debt are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 180,000	\$ 43,680	\$ 223,680
2008	190,000	34,800	224,800
2009	200,000	25,440	225,440
2010	210,000	15,600	225,600
2011	220,000	5,280	225,280
	<u>\$ 1,000,000</u>	<u>\$ 124,800</u>	<u>\$ 1,124,800</u>

In accordance with R.S. 39:562, the sheriff is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At June 30, 2006, the statutory limit is approximately \$171,146,000, and outstanding bonded debt totals \$1,000,000.

13) Interfund Transfers

The following interfund transfers were incurred during the year ended June 30, 2006:

<u>Transferring Fund</u>	<u>Debt Service Fund</u>
General Fund	<u>\$ 228,000</u>

Transfers to the debt service fund were for the purpose of accumulating funds to pay principal and interest on outstanding certificates of indebtedness.

14) Litigation, Claims, and Risk Management

The Sheriff's Office is exposed to various risks of losses related to general liability, auto liability, property and group health benefits. For the year ending June 30, 2006, the sheriff purchased commercial liability insurance to cover risk of loss related to torts or negligence by employees. Commercial insurance has also been obtained to cover real and personal property, general liability, automobile, crime, and law enforcement liability. Management believes coverage obtained will adequately cover any future claims.

At June 30, 2006, the sheriff is involved in various lawsuits claiming damages. Some of these suits are for substantial amounts. The Sheriff plans to vigorously oppose these suits and does not believe their ultimate disposition will materially affect the accompanying general purpose financial statements except as described in note 12 above.

TERREBONNE PARISH SHERIFF
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Notes to Financial Statements, Continued

15) Self-Insurance Program

The Terrebonne Parish Sheriff's Office Group Health Plan was established by the Sheriff during the June, 1996 fiscal year. The partially self-insured plan was established to provide group medical indemnity coverage to qualifying employees and retirees of the Sheriff's Office. A third-party benefit service manager is responsible for administering and claims processing. Resources to pay claims are derived from employer and employee contributions. Monthly contributions, based on an estimate of claims to be paid, are deposited into a separate cash account to insure funds will be available to pay claims as they are filed. Liabilities are limited by the purchase of commercial insurance covering specific claims in excess of \$50,000 and aggregate claims in excess of approximately \$2,365,000. An analysis of claims activities for the current year and the two preceding years follows:

(In Thousands)

<u>Year Ended</u>	<u>Beginning Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Actual Claim Payments</u>	<u>Ending Liability</u>
June 30, 2004	\$ 389	\$ 2,309	\$ 2,227	\$ 471
June 30, 2005	\$ 471	\$ 1,642	\$ 2,093	\$ 20
June 30, 2006	\$ 20	\$ -	\$ -	\$ 20

During the year ended June 30, 2005, the partially self-insured Terrebonne Parish Sheriff's Office Group Health Plan was discontinued. At June 30, 2006 the amount of claims outstanding related to this plan were estimated based upon the estimated amount of unpaid invoices as of June 30, 2006.

16) Other Post Employment Benefits

The sheriff provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the sheriff's employees become eligible for those benefits if they reach normal retirement age while working for the sheriff. Those benefits for retirees and similar benefits for active employees are provided through an insurance company and the Terrebonne Parish Sheriff's Office Group Health Plan whose monthly premiums are paid jointly by the employee and the Sheriff. The sheriff's costs of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 2006, the costs of retiree benefits totaled \$124,209. There were thirty-three eligible participants at year end receiving benefits.

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Notes to Financial Statements, Continued

17) On-Behalf Payments

A portion of the salaries of the sheriff's deputies are paid through a supplement from the state. These payments provide the deputies of the sheriff's office with an additional \$300 per month, which is added to their base salary. For the year ended June 30, 2006, \$698,402 was received from the state and is included in revenues under the state supplemental pay and in expenses under personal services and related benefits on the combined statement of revenue, expenditures, and changes in fund balance.

18) Taxes Paid Under Protest

The unsettled balances due to taxing bodies and others in the agency funds at June 30, 2006 includes \$390,037 of taxes paid under protest plus interest earned to date on the investment of these funds. These funds are held pending resolution of the protest and are accounted for in the Tax Collector Agency Fund.

REQUIRED SUPPLEMENTARY INFORMATION

TERREBONNE PARISH SHERIFF
Houma, Louisiana
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2006

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Ad valorem tax	\$ 3,500,000	\$ 3,650,000	\$ 3,739,607	\$ 89,607
Sales taxes	8,450,000	11,129,000	11,077,150	(51,850)
Intergovernmental revenues:				
Federal grants	84,547	950,000	1,327,691	377,691
State D.A.R.E. grant	65,000	258,800	70,800	(188,000)
State revenue sharing, net	212,000	213,198	213,215	17
State supplemental pay	744,000	628,137	696,402	70,265
State gaming revenue	730,000	740,000	682,943	(57,057)
State training grants	184,957	185,000	10,894	(174,106)
Local government	200,000	187,000	183,668	(3,332)
Fees, charges, and commissions for services:				
Commissions and contract service	652,000	610,000	498,585	(111,415)
Civil and criminal fees	753,500	628,200	795,598	167,398
Court attendance	31,000	31,000	32,640	1,640
Court awards	7,000	7,500	106,581	99,081
Transporting prisoners	30,000	27,000	30,433	3,433
Feeding and keeping prisoners	2,300,000	2,100,000	2,083,493	(16,507)
Commissary sales	98,000	120,000	181,759	61,759
Other	241,000	244,550	384,708	140,158
Interest	46,000	95,000	132,142	37,142
Miscellaneous	15,000	36,205	161,665	125,460
Total revenues	18,344,004	21,840,590	22,411,974	571,384
EXPENDITURES				
Public safety:				
Personal services and related benefits	10,758,900	11,414,417	11,484,459	(70,042)
Operating services	3,615,000	3,451,500	3,400,311	51,189
Operation and maintenance	2,934,650	3,586,327	3,832,143	(245,816)
Debt service principal	-	-	20,049	(20,049)
Debt service interest	-	-	3,951	(3,951)
Capital outlay	485,000	445,000	794,093	(349,093)
Total expenditures	17,793,550	18,897,244	19,535,006	(637,762)
Excess (deficiency) of revenues over expenditures	550,454	2,943,346	2,876,968	(86,378)

TERREBONNE PARISH SHERIFF
Houma, Louisiana
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE, continued
For the Year Ended June 30, 2006

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Other financing sources (uses):				
Proceeds from sale of capital assets	\$ -	\$ -	\$ 36,204	\$ 36,204
Operating transfers in	-	-	-	-
Operating transfers out	<u>(340,481)</u>	<u>(340,481)</u>	<u>(228,000)</u>	<u>112,481</u>
Total other financing sources (uses)	<u>(340,481)</u>	<u>(340,481)</u>	<u>(191,796)</u>	<u>148,685</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	209,973	2,602,665	2,685,172	82,307
Fund balance at beginning of year	<u>4,375,490</u>	<u>4,823,296</u>	<u>4,999,101</u>	<u>175,805</u>
Fund balance at end of year	<u>\$ 4,585,463</u>	<u>\$ 7,426,161</u>	<u>\$ 7,684,273</u>	<u>\$ 258,112</u>

SUPPLEMENTAL INFORMATION SCHEDULES

TERREBONNE PARISH SHERIFF
Houma, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended June 30, 2006

FIDUCIARY FUND TYPE - AGENCY FUNDS

Sheriff's Fund

To account for funds held in connection with civil suits, Sheriff's sales and garnishments and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

Tax Collector Fund

Article V, Section 27 of the Louisiana Constitution of 1974, provides that the Sheriff will serve as the collector of state and parish taxes and fees. The Tax Collector Fund is used to collect and distribute these taxes and fees to the appropriate taxing bodies.

Bonds and Fines Fund

To account for the collection of bonds, fines, and costs and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

Inmate Deposit Fund

To account for funds belonging to individuals incarcerated in the parish prison. The funds are used by prisoners to purchase personal items while incarcerated, and any remaining balances are returned to prisoners upon their release.

Scholarship and Gift Fund

To account for funds voluntarily withheld from employees of the Terrebonne Parish Sheriff's Office. The funds are used to purchase flowers or make donations in lieu of flowers to a named charity in the event of the death of an employee or an immediate family member of an employee. The only other use of these funds is for two (2) \$500 scholarships given each year to children of employees, who as freshman, will be attending a Louisiana college.

TERREBONNE PARISH SHERIFF
Houma, Louisiana
Fiduciary Funds - Agency Funds

Combining Balance Sheet
June 30, 2006

	Sheriff's Fund	Tax Collector Fund	Bonds & Fines Fund	Inmate Deposit Fund	Scholarship and Gift Fund	Total
ASSETS						
Interest-bearing deposits	\$ 119,422	\$ 396,075	\$ 755,763	\$ 60,564	\$ 11,279	\$ 1,343,103
Total assets	<u>\$ 119,422</u>	<u>\$ 396,075</u>	<u>\$ 755,763</u>	<u>\$ 60,564</u>	<u>\$ 11,279</u>	<u>\$ 1,343,103</u>
LIABILITIES						
Due to taxing bodies and others	\$ 119,422	\$ 396,075	\$ 755,763	\$ -	\$ 11,279	\$ 1,282,539
Due to prisoners	-	-	-	60,564	-	60,564
Total liabilities	<u>\$ 119,422</u>	<u>\$ 396,075</u>	<u>\$ 755,763</u>	<u>\$ 60,564</u>	<u>\$ 11,279</u>	<u>\$ 1,343,103</u>

TERREBONNE PARISH SHERIFF
Houma, Louisiana

Fiduciary Funds - Agency Funds
Schedule of Changes in Balance Due to Taxing Bodies and Others

For the Year Ended June 30, 2006

	Sheriff's Fund	Tax Collector Fund	Bonds & Fines Fund	Inmate Deposit Fund	Scholarship and Gift Fund	Total
Balances, beginning of year	\$ 467,356	\$ 383,587	\$ 595,187	\$ 55,853	\$ 11,182	\$ 1,513,165
Additions:						
Deposits						
Suits, sales, and garnishments	1,444,240	-	-	-	-	1,444,240
Bonds	-	-	563,314	-	-	563,314
Fines and cost	-	-	1,772,991	-	-	1,772,991
Prisoner deposits	-	-	-	649,140	-	649,140
Taxes, fees, etc., paid to tax collector	-	48,501,644	-	-	-	48,501,644
Employee contributions	-	-	-	-	2,893	2,893
Interest	-	95,831	1,000	-	-	96,831
Total additions	1,444,240	48,597,475	2,337,305	649,140	2,893	53,031,053
Total	1,911,596	48,981,062	2,932,492	704,993	14,075	54,544,218
Reductions:						
Taxes, fees, etc., distributed to taxing bodies and others	-	47,468,194	-	-	-	47,468,194
Deposits settled to -						
Sheriff's General Fund	288,847	1,016,793	32,269	-	-	1,337,909
Clerk of Court	68,331	-	1,362,136	-	-	1,430,467
Litigants	1,397,084	100,000	-	-	-	1,497,084
Scholarships and gifts	-	-	-	-	2,796	2,796
Other settlements	37,912	-	782,324	644,429	-	1,464,665
Total reductions	1,792,174	48,584,987	2,176,729	644,429	2,796	53,201,115
Balances, end of year	\$ 119,422	\$ 396,075	\$ 755,763	\$ 60,564	\$ 11,279	\$ 1,343,103

OTHER REQUIRED REPORTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Terrebonne Parish Sheriff

For the year ended June 30, 2006

Federal Granting Agency/Recipient
State Agency/Grant Program

GRANT NUMBER	CFDA NUMBER	EXPENDITURE AMOUNT
2005-LB-BX-0002	16.592	61,789
2004-LB-BX-0166	16.592	22,809
2003-LB-BX-0611	16.592	4,822
2005-GE-T5-0004	97.067	823
2006-DJ-BX-0206	16.738	2,818
2005-DJ-BX-0410	16.738	27,900
None	16.710	109,442
A03-8-005	16.523	728
A04-8-005	16.523	10,000
		240,911

Pass through payments from Louisiana Commission on Law Enforcement

FY2006 Edward Byrne Memorial Justice Assistance Grant
FY2005 Edward Byrne Memorial Justice Assistance Grant
COPS Universal Hiring Program
Protect Students from Violence
Protect Students from Violence

Total United States Department of Justice

DEPARTMENT OF HOMELAND SECURITY

Pass through payments from State Department of Military Affairs

Public Assistance Grants

None	97.036	947,200
		\$ 1,188,111

Total program expenditures

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is prepared on the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available as current assets. Expenditures are generally recognized when the liability is incurred.

TERREBONNE PARISH SHERIFF
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006

I SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Terrebonne Parish Sheriff.
2. No reportable conditions relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Terrebonne Parish Sheriff were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the Terrebonne Parish sheriff expresses an unqualified opinion.
6. No audit findings relative to the major federal award programs for the Terrebonne Parish Sheriff are reported in Part III of this Schedule.
7. The programs tested as major programs include:
Department of Homeland Security
Public Assistance Grants CFDA # 97.036
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Terrebonne Parish Sheriff was not determined to be a low-risk auditee.

II FINDINGS - FINANCIAL STATEMENTS AUDIT
None

III FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT
None

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A PROFESSIONAL CORPORATION

THOMAS J. LANAUX, CPA
MARK S. FELGER, CPA

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Jerry J. Larpenier
Houma, Louisiana

We have audited the financial statements of the Terrebonne Parish Sheriff as of and for the year ended June 30, 2006, and have issued our report thereon dated February 23, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Terrebonne Parish Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Terrebonne Parish Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Terrebonne Parish Sheriff, the State of Louisiana, the Legislative Auditor for the State of Louisiana, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed as public record.

Lanaux & Felger

February 23, 2007

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Jerry J. Larpenier
Houma, Louisiana

Compliance

We have audited the compliance of the Terrebonne Parish Sheriff with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 "Compliance Supplement" that are applicable to each of its major federal programs for the year ended June 30, 2006. The Terrebonne Parish Sheriff's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Terrebonne Parish Sheriff's management. Our responsibility is to express an opinion on the Terrebonne Parish Sheriff's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Terrebonne Parish Sheriff's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide legal determination on the Terrebonne Parish Sheriff's compliance with those requirements.

In our opinion, the Terrebonne Parish Sheriff complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the Terrebonne Parish Sheriff is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we

considered the Terrebonne Parish Sheriff's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Terrebonne Parish Sheriff, the State of Louisiana, the Legislative Auditor for the State of Louisiana, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

February 23, 2007

Lanau + Felger

**TERREBONNE PARISH SHERIFF
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2006**

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT

No findings were reported for the year ended June 30, 2005 that required a response from management.

SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

Not applicable, a single audit was not required for the year ended June 30, 2005.

SECTION III - MANAGEMENT LETTER

No management letter was issued for the year ended June 30, 2005.